

DISTRICT OF MAINE

Defendant)

Docket No. 01-71-P-H

I. Applicable Legal Standard

The motion to dismiss invokes Fed. R. Civ. P. 12(b)(1). An action may be dismissed pursuant to this rule when the court lacks jurisdiction over the subject matter of the action. It is the plaintiff's burden to prove the existence of subject-matter jurisdiction. *Aversa v. United States*, 99 F.3d 1200, 1209 (1st Cir. 1996).

In ruling on a motion to dismiss for lack of subject matter jurisdiction under Fed. R. Civ. P. 12(b)(1), the district court must construe the complaint liberally, treating all well-pleaded facts as true and indulging all reasonable inferences in favor of the plaintiff.

Id. at 1209-10 (citation omitted). When the jurisdictional facts are disputed by a defendant, materials of evidentiary quality outside the pleadings may be offered to and considered by the court. *Valentin v. Hospital Bella Vista*, 254 F.3d 358, 363 (1st Cir. 2001).

II. Factual Background

The complaint includes the following relevant allegations. The plaintiff is a Maine corporation that has been for many years engaged in the manufacture and sale of high quality wooden writing instruments, including ball pens. Complaint (Docket No. 1) ¶¶ 1, 4. In connection with that business the plaintiff has used the trademark “Widebody” at least since February 27, 1997, which is alleged to be “long prior” to the defendant’s use of the same trademark. *Id.* ¶ 4.

On or about February 17, 1999 the defendant filed an application for registration of the trademark “Widebody” for pens, alleging a date of first use and first use in commerce of October 28, 1997. *Id.* ¶ 6. The registration was issued on February 1, 2000. *Id.* The defendant has continued to use this mark in its activities that promote the sale of its writing instruments. *Id.* ¶ 7. The defendant’s use of this trademark is alleged to interfere with the plaintiff’s use of it and to cause confusion, deception and mistake. *Id.* ¶ 8. The plaintiff seeks injunctive relief and cancellation of the defendant’s registration of the trademark. *Id.* at [3].

Evidentiary material submitted by the parties in connection with the motion provides the following additional relevant facts. On February 20, 2001, an attorney employed by the defendant sent a cease and desist letter to the plaintiff, asserting that the defendant owned a federal trademark registration of the mark “Widebody” for pens. Declaration of Kimberly Dickson (“Dickson Dec.”) (attached to Motion) ¶ 2 & Exh. 3 (“Dickson Letter”) to Motion. The letter demanded that the plaintiff cease its use of the term and confirm that it had done so within ten days of receipt. *Id.* On March 5, 2001 this attorney received a letter from an attorney for the plaintiff stating that he would investigate the assertions in the cease and desist letter and respond by March 12, 2001. Dickson Dec. ¶ 3. On March 15, 2001 the defendant’s attorney received another letter from the plaintiff’s attorney, enclosing a copy of the complaint that was filed in this action on March 13, 2001. *Id.* ¶ 4 & Exh. 6 to Motion. The plaintiff’s attorney provided the defendant’s attorney with some documents and they engaged in a series of telephone calls, including an in-depth discussion exploring the kinds of agreements the parties might enter into. *Id.* ¶¶ 5-6.

On July 10, 2001 the defendant was served with the complaint in this action. *Id.* ¶ 6. On July 16, 2001 the attorney for the plaintiff informed the attorney for the defendant that he and his client wanted to continue to discuss possible resolution of the dispute. *Id.* ¶ 7. The defendant was granted an extension of time in which to answer the complaint to August 13, 2001, Endorsement (Docket No. 2), and filed the instant motion on that date.

III. Discussion

The defendant contends that the plaintiff’s allegations do not provide the necessary basis for declaratory judgment relief because they do not show the existence of an immediate or real case or controversy. Motion at 4. It argues that the complaint must show that litigation is imminent and inevitable in the absence of declaratory relief, and that the complaint in this case fails to do so. *Id.* at

5. The plaintiff responds that its complaint is not based on apprehension of litigation but instead on 15 U.S.C. § 1119 “seeking a declaration from the Court that BIC’s registered mark be cancelled.” Plaintiff’s Opposition to Defendant’s Motion to Dismiss (“Opposition”) (Docket No. 6) at 1. In its reply, the defendant contends that the plaintiff must first exhaust its administrative remedies in the Patent and Trademark Office before bringing such a claim and that section 1119 merely provides a remedy but does not bestow jurisdiction. Defendant’s Memorandum in Reply to Plaintiff’s Opposition to Defendant’s Motion to Dismiss (Docket No. 7) at 2-4.

Declaratory judgment is available in the federal courts pursuant to 28 U.S.C. § 2201, which provides in pertinent part:

In a case of actual controversy within its jurisdiction, . . . any court of the United States, upon the filing of an appropriate pleading, may declare the rights and other legal relations of any interested party seeking such declaration, whether or not further relief is or could be sought.

28 U.S.C. § 2201(a). Section 1119 of Title 15 provides:

In any action involving a registered mark the court may determine the right to registration, order the cancellation of registrations, in whole or in part, restore canceled registrations, and otherwise rectify the register with respect to the registrations of any party to the action. Decrees and orders shall be certified by the court to the Director, who shall make appropriate entry upon the records of the Patent and Trademark Office, and shall be controlled thereby.

15 U.S.C. § 1119. Jurisdiction in the federal courts is provided by section 1121 of Title 15.

The district and territorial courts of the United States shall have original jurisdiction and the courts of appeal of the United States . . . shall have appellate jurisdiction, of all actions arising under this chapter, without regard to the amount in controversy or to diversity or lack of diversity of the citizenship of the parties.

15 U.S.C. § 1121(a).

The arguments raised in the defendant’s response do not survive careful scrutiny. The First Circuit has held that exhaustion of a claim for cancellation of the registration of a trademark is not a

prerequisite to judicial relief in a declaratory judgment, even when such a claim is pending before the Patent and Trademark Office. *PHC, Inc. v. Pioneer Healthcare, Inc.*, 75 F.3d 75, 77-78, 80 (1st Cir. 1996). While the plaintiff here has presented, and can present, no infringement claim, unlike the situation in *PHC*, that distinction is not dispositive here, because the alleged confusion between the registered and unregistered marks in the instant case, like that alleged in *PHC*, appears likely to be the “central issue.” *Id.* at 81. The defendant’s contention that another source of jurisdiction must be present in order for the court to grant relief under section 1119 founders on the presence of the declaratory judgment claim in the complaint. *See Thomas & Betts Corp. v. Panduit Corp.*, 48 F.Supp.2d 1088, 1093 (N.D. Ill. 1999) (dismissing claim for cancellation of registration because plaintiff “does not contend that it was under the reasonable apprehension of suit by [the defendant] and is not pursuing a declaratory judgment action”). *See also Windsurfing Int’l, Inc. v. AMF Inc.*, 828 F.2d 755, 758-59 (Fed. Cir. 1987) (actual controversy supporting declaratory judgment action sufficient to allow court to assert subject matter jurisdiction over claim seeking cancellation of registered mark).

The issue thus becomes the first one raised by the defendant: whether the plaintiff has alleged an actual controversy under section 2201. With respect to the defendant’s position that the plaintiff must allege a reasonable apprehension of litigation, the First Circuit in *PHC* stated that reasonable anticipation of a claim under the Lanham Act, 15 U.S.C. § 1051 *et seq.*, is “a settled requirement in a federal declaratory judgment action of this character,” but went on to say that

the question under the case law on declaratory judgments is not whether the [defendant] made a specific threat to bring a [Lanham Act] claim or even had such a claim in mind. The federal declaratory judgment statute aims at resolving potential disputes, often commercial in character, that can reasonably be feared by a potential target in light of the other side’s conduct.

75 F.3d at 79. In *PHC*, the defendant sent letters to the plaintiff requesting cancellation of its trademark, but making no specific reference to a suit for infringement or other violation of the Lanham Act. *Id.* The letters did say that the plaintiff's use of the mark at issue was "misleading, confusing, and will result in irreparable harm" and threatened to seek recovery of damages and injunctive relief. *Id.* Here, the defendant's letter alleged that the plaintiff's use of the "Widebody" name for pens "may dilute the distinctiveness and the value of" the defendant's registered mark "in violation of the Federal Dilution Statue and constitutes trademark infringement and unfair competition," and referred to the defendant's "desire to protect our proprietary rights in our trademarks." Dickson Letter. The only difference between the substance of this letter and that found by the First Circuit in *PHC* to be sufficient for declaratory judgment jurisdictional purposes is that the letter in this case lacks any reference to an intent to seek damages or other relief typically available from the courts. The First Circuit held in *PHC* that a complaint "ask[ing] the court to declare that [a] federally registered mark was valid" is "plainly within the federal question jurisdiction of a district court." 75 F.3d at 79. Given this language, I conclude that the differences between the defendant's letter in this case and that in *PHC* is not sufficient to require a different result.² This First Circuit opinion is binding on this court; the opinion in *Dunn Computer Corp. v. Loudcloud, Inc.*, 133 F.Supp.2d 823, 827 (E.D. Va. 2001), cited by the defendant, which might reasonably be interpreted to support a different result, has no such binding effect.

The defendant also relies on case law decrying a "race to the courthouse," when a plaintiff filed a declaratory judgment action within days after receiving a cease and desist letter. *E.g., Essex Group, Inc. v. Cobra Wire & Cable, Inc.*, 100 F.Supp.2d 912, 914-15 (N.D. Ind. 2000). It argues

² The defendant's assertion that the plaintiff "has disclaimed the underpinnings of a Declaratory Judgment cause of action by stating that it did not file the Complaint because of its apprehension of suit" from the defendant, Reply Memorandum at 1, is not entirely correct. While the plaintiff did state that its complaint "is not based upon apprehension of litigation," it also argued in the alternative that it had a (continued on next page)

that, even if the court has subject matter jurisdiction, it should exercise its discretion to refuse jurisdiction in order to discourage races to the courthouse and to encourage settlement. Motion at 7-8.

While the defendant properly cites *El Dia, Inc. v. Hernandez Colon*, 963 F.2d 488, 493 (1st Cir. 1992), for the general proposition that “there are limits to” the courts’ receptivity to declaratory judgment actions, the First Circuit specifically noted in *PHC* that

[q]uite likely [the plaintiff] had tactical advantages in mind in bringing the declaratory judgment action. But, absent a showing of bad faith so substantial as to foreclose equitable relief, its subjective aims do not matter. The question is whether [the defendants’] letters made a [Lanham Act] claim against [the plaintiff] a reasonable prospect.

75 F.3d at 79. The defendant has made no such showing of bad faith in this case. Indeed, counsel for the plaintiff informed the defendant immediately that the action had been filed and indicated a willingness to delay service of the complaint in order to allow for settlement negotiations. Accordingly, the question is whether the Dickson letter made an infringement claim against the plaintiff a reasonable prospect, and I conclude that it did.

IV. Conclusion

For the foregoing reasons, I recommend that the defendant’s motion to dismiss be **DENIED**.

NOTICE

A party may file objections to those specified portions of a magistrate judge’s report or proposed findings or recommended decisions entered pursuant to 28 U.S.C. § 636(b)(1)(B) for which de novo review by the district court is sought, together with a supporting memorandum, within ten (10) days after being served with a copy thereof. A responsive memorandum shall be filed within ten (10) days after the filing of the objection.

Failure to file a timely objection shall constitute a waiver of the right to de novo review by the district court and to appeal the district court’s order.

reasonable apprehension of litigation under the circumstances. Plaintiff’s Opposition at 1, 2-3.

Dated this 2nd day of October, 2001.

David M. Cohen
United States Magistrate Judge

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